



To: House Committee on the Environment

Re: S.328 Section 8

Apr 16, 2026

Dear Chair Sheldon & Members of the House Committee on the Environment,

On behalf of the Vermont Natural Resources Council, thank you for the ability to comment on how municipal sewer/water service areas are defined for the purposes of the HOME Act (Act 47).

The HOME Act mandates that areas served by municipal water and sewer allow higher density, by-right residential development, including: a minimum of five units per acre, up to fourplexes in residential zones, restricting parking requirements to one spot per unit, and allowing increased density for affordable housing.

We appreciate the Senate Economic Development, Housing & General Affairs' work to clarify where water and sewer service is considered "available," and subsequent discussion in Senate Natural Resources, and we strongly support the underlying goal: directing housing - especially multi-family housing - to areas with existing infrastructure, while protecting Vermont's forests, farms, and rural landscapes.

For context, the initial approach in Senate Economic Development defined service availability using a fixed distance. VNRC shared concern over this approach, as well as Vermont planners and VLCT. The Senate Natural Resources Committee proposed to strike (42)(A)(i) to instead define areas specifically established by municipal ordinance or bylaw. The Senate Economic Development Committee then decided to propose a substitute amendment to simply strike "state regulations and permits," which ultimately passed in S.328.

We would like to offer some considerations with regard to deleting "state regulations or permits" in defining where sewer service service area connections and expansions may be prohibited.

This change could affect or undermine state regulations and permits that limit such expansions under Vermont's Environmental Protection Rules, Act 250, and related public financing of proposed infrastructure.

For example:

- The state restricts wastewater connections on slopes exceeding 30%, which often prohibits expansion in steep, mountainous areas unless special, costly exceptions are granted.
- State funding for wastewater projects is generally limited to projects serving designated centers, unless extending the service is necessary to address significant existing health or environmental problems (like failing septic systems).
- Expansion is heavily restricted, and often prohibited, in areas that drain into Class A waters (pristine water sources) to prevent degradation.
- Act 250 and Wastewater Rules can prevent connecting new, small-lot subdivisions to public systems if the overall development does not make "efficient use of land" or if it causes "strip development."

We urge the Committee to take more testimony on this issue, and consider alternative language to reduce unintended consequences.

Sincerely,

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Sec. 8. 24 V.S.A. § 4303 is amended to read:

§ 4303. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context otherwise requires:

* * *

(42)(A) An area “served by municipal sewer and water infrastructure” means:

(i) an area where residential connections and expansions are available to municipal water and direct and indirect discharge wastewater systems and not prohibited by:

~~(I) State regulations or permits;~~

~~(H) identified capacity constraints; or~~

~~(HH) (II) municipally adopted service and capacity agreements;~~

or

(ii) an area established by the municipality by ordinance or bylaw where residential connections and expansions are available to municipal water and direct and indirect discharge wastewater systems or a fire district and which may exclude:

(I) flood hazard or inundation areas as established by statute, river corridors or fluvial erosion areas as established by statute, shorelands, areas within a zoning district or overlay district the purpose of which is natural resource protection, and wherever year-round residential development is not allowed;

(II) areas with identified service limits established by State regulations or permits, identified capacity constraints, or municipally adopted service and capacity agreements;

(III) areas served by sewer and water to address an identified community-scale public health hazard or environmental hazard;

(IV) areas serving a mobile home park that is not within an area planned for year-round residential growth;

(V) areas serving an industrial site or park;

(VI) areas where service lines are located to serve the areas described in subdivisions (III)–(V) of this subdivision (ii), but no connections or expansions are permitted; or

(VII) areas that, through an approved Planned Unit Development under section 4417 of this title or Transfer of Development Rights under section 4423 of this title, prohibit year-round residential development.

(B) Municipally adopted areas served by municipal sewer and water infrastructure that limit sewer and water connections and expansions shall not result in the unequal treatment of housing by discriminating against a year-round residential use or housing type otherwise allowed in this chapter.